

**DEPARTMENT
POLICY****FIP, RCA, SDA, SSP, CDC, SER, and Medical Services
warrants.**

Michigan Department of Health and Human Services (MDHHS) replaces warrants reported lost, stolen, not received, or destroyed.

1778 PROCESS

A payee on the warrant claiming it was lost or stolen must complete and sign a 1778, Affidavit Claiming Lost, Destroyed, Not Received or Stolen State Treasurer's Warrant.

Use the MDHHS Forms Library to access a link to the Michigan Department of Treasury (Treasury) form 1778:

1. From the MDHHS-Net click **DHS Forms Library** under Popular Links.
2. Click DHS: Forms 1500 - 1999.
3. Select the **1778, Affidavit Claiming Lost, Destroyed, Not Received or Stolen State Treasurer's Warrant Process** and then click OK.
4. Click the hyperlink to treasury form and complete.

**Lost or Stolen
Warrant**

For stolen warrants, clients must also be encouraged to file a police report. Replacement is made only after recovery of the warrant amount; see Stop Payment and Replacement in this item.

Note: Do **not** complete a 1778 for client or vendor warrants lost or stolen **after endorsement**. These warrants can only be replaced if they are returned to Treasury, or they are canceled by Treasury after 6 months.

**Warrant Not
Received**

Clients and providers sometimes request replacement of warrants never received which they do **not** believe were lost or stolen. Determine in Bridges, Benefit Issuance, whether the warrant was issued.

If the warrant **was** issued, obtain the warrant number, warrant date, amount, and Warrant Status.

- If Bridges indicates it was returned to Treasury; see BAM 505, Returned Benefits.

If the warrant was issued and **not** returned it might be late in mail delivery. Instruct the payee to contact the post office to verify delivery.

- If delivery is verified **but** the payee claims nonreceipt, consider the warrant lost; see Lost or Stolen Warrant in this item.
- If delivery **cannot** be verified, consider the warrant not received. The payee can complete a 1778 on the **day after the fourth mail delivery day following the warrant date**; see Stop Payment and Replacement in this item.

If the warrant was **not** issued, ask a local office designated staff to contact the Michigan Department of Technology, Management and Budget (DTMB) Help Desk (517-241-9700).

Destroyed Warrant

When the local office receives a destroyed or mutilated warrant, the fiscal unit supervisor can complete and sign the 1778 on behalf of the payee and attach the warrant remains. Destroyed warrants do **not** require a police report.

Stop Payment and Replacement

The payee must complete a 1778 to initiate a stop payment and request a replacement warrant. Ask the payee to review the form or, if requested, read and explain the contents. The payee **and** a notary must sign **each** copy of the 1778 **in ink**. Copy signatures are **not** acceptable.

In **limited** circumstances that prevent 1778 completion in the local office (for example, out-of-state provider), forward it to the individual for notarized signature and return.

Exception: Destroyed or mutilated warrants do **not** require payee signatures; see Destroyed Warrant in this item.

After the 1778 is completed, enter the stop payment and replacement request in Bridges (even if the warrant has been **cash**ed). Change status to one of the following:

- Stop requested by worker.
- Forgery analysis requested (if it is a paid warrant).
- Promptly send 2 copies to:

Payment Processing Unit
Grand Tower Building
235 S. Grand Avenue, Suite 1015
Lansing, MI 48909

- File a copy in the case record.
- Send a copy to the local fiscal office.
- Give a copy to the payee.

Original Warrant Found

Remind the payee when completing the 1778, if the original warrant is found, it must be returned to the local office. If one is returned to you, forward it to the local fiscal office to be voided; see BAM 505, Returned Benefits.

Client Requested Warrant Replacement

When the client requests a warrant replacement and the request is processed, the specialist will receive an alert when the stop payment is completed. The specialist is then able to replace the warrant.

Note: Forged warrants are replaced by the Payment Processing unit.

The Payment Processing Unit denies the replacement if it is determined that the payee cashed the warrant or benefited from its cashing. When Payment Processing informs the local office of the denial, notify the client via DHS-176, Benefit Notice.

Vendor Warrant Replacement

A vendor warrant is replaced **only** after recovery of the amount issued, **unless** the warrant was voided or undeliverable; see BAM 505, Returned Benefits. A police report is **not** necessary.

- If the warrant is issued to the same payee for the same amount, the specialist can process the replacement.
- **If the warrant is issued to a different payee but is for the same amount, only central office can process the replacement.**

Note: For SER, if the warrant is issued for a different amount, the specialist can reprocess the warrant (for example, reregister the SER using the original SER date).

1354 PROCESS

Often, a stop payment is requested **after** the original warrant was cashed and paid by Treasury. MDHHS and Treasury are responsible to recover the funds before a replacement warrant is issued. To replace a payment that has been cashed complete a 1354, Affidavit Claiming Forged Endorsement on a State Treasurer's Warrant Process.

- Payment Processing sends a copy of the warrant and a cover memo to the local fiscal office.
- The local fiscal office will complete the 1354, Affidavit Claiming Forged Endorsement on a State Treasurer's Warrant, attach the cover memo, a photocopy of the warrant and forward to the specialist for completion.
- The specialist schedules a local office appointment with the payee to explain the 1354 process and to have the payee view the warrant copy signature.
 - If the payee fails to keep the appointment, or refuses to sign the affidavit, return the 1354 with the memo to the local fiscal office with an explanatory note. The local fiscal office returns the 1354 to the Payment Processing Unit.
 - If the payee admits endorsing the warrant, obtain a signed statement to that effect. Return the 1354 with the memo to the local fiscal office. The local fiscal office returns the 1354 to the Payment Processing Unit.
 - If the payee claims the signature on the warrant copy is forged, both the payee **and** a notary public must sign **each** copy of the 1354 **in ink**. **Only original signatures are acceptable.**

- File a photocopy of the signed 1354 and warrant in the case record, and give the payee a photocopy of **only** the 1354.
- Return the 1354 and warrant copy to the local fiscal office for mailing to the Payment Processing Unit.

Forgery/Recovery

If the client and/or provider disagrees with the decision not to issue a replacement warrant, the client may request a hearing by completing a DHS-18, Request For Hearing.

If it is determined that the warrant **can** be rewritten, Payment Processing replaces the warrant.

Note: Administrative Hearings will deny requests for hearings requested by providers.

CONSOLIDATED VENDOR, MEDICAL SERVICE AND SER HEAT/ELECTRIC WARRANTS

Stop payment/replacement procedures apply to:

- Consolidated vendor warrants issued to cover more than one client's heat/electric vendored amount.
- Medical services warrants.

Determine the status of these warrants in Bridges.

The provider must complete the 1778 to initiate a stop payment and request a replacement warrant. Follow procedures in the Stop Payment and Replacement section of this item. Instead:

- Promptly send 2 copies to:

Provider Management Payments Unit (PMPU)
Financial Services, Accounting Division
Grand Tower Building
235 S. Grand Avenue, Suite 1004
Lansing, MI 48909

- File a copy in the case record.

- Send a copy to the local fiscal office.
- Give a copy to the provider.

When the warrant replacement request is processed. The specialist receives an alert when the stop payment is completed. The specialist is then able to replace the warrant.

Before authorizing payment, verify that the provider information in Bridges is correct. If necessary, correct the information; see BAM 435, Provider Management.

If the stop payment cannot be effected because the warrant was cashed, follow procedures in 1354 Process section of this item.

Note: Forged warrants are replaced by the Payment Processing unit.

WARRANT STATUS

When a warrant is reported lost, stolen, not received or destroyed, check the Warrant Status to determine if a warrant was issued:

- If the warrant status shows returned, **do not** proceed with a stop payment.
- If the warrant status shows tax offset, **do not** proceed with a stop payment. This status indicates the warrant was pulled by Treasury; see Warrants Pulled By Treasury in this item.
- If the warrant status is paid, this indicates the warrant has been cashed.
 - If the payee still claims they did not receive and cash the warrant, proceed with the 1778 affidavit; see Stop Payment and Replacement in this item.
 - Once the Forgery Analysis has been requested, follow the 1354, Affidavit Claiming Forged Endorsements On A State Treasurer's Warrant Process in this item.
- If the warrant status was an Electronic Funds Transfer (EFT) and shows as paid, **do not** proceed with a stop payment. This indicates payment was made via an EFT. EFT payments are deposited electronically into an account at a financial institution designated by the provider. If the provider indicates that they did not receive this payment, they must resolve the matter with their financial institution.

Note: An EFT warrant shows in Bridges as a warrant number starting with 0.

- If the warrant status is EFT payment returned, this status indicates that an electronic funds transfer (EFT) was returned to Treasury and rewritten.
- If a warrant is issued and is still outstanding, see 1778 process in this item.

Warrants Pulled By Treasury

Treasury may pull a warrant in order to offset monies owed the state by the provider. Warrants pulled by Treasury will have a warrant status of tax offset in Bridges. Treasury notifies the provider in writing of the reason for this action. Providers who contact the local office regarding a warrant pulled by Treasury should be advised to refer to this letter and contact Treasury at 1-800-950-6227 if they have any questions.

Residual Warrant

If the amount of the warrant pulled was greater than the amount owed to the state, Treasury will issue a new warrant called a residual warrant for the remaining balance to the provider.

Rewrite Or Cancel Residual Warrant Returned To Local Office

Residual warrants do not appear in MDHHS systems. When one of these Treasury warrants needs to be rewritten, canceled or stop payment request initiated, do the following:

- The local fiscal office prepares the DHS-2362, Services Warrant Rewrite/Disposition Request and sends to the specialist.
- The specialist completes the DHS-2362 indicating if the residual warrant is to be rewritten or canceled. The DHS-2362 must be signed by the specialist and a manager and returned back to the local fiscal office to forward to the Payment Processing unit.
- Payment Processing will request that Treasury rewrite or cancel the residual warrant.

**Rewrite Or Cancel
Residual Warrant
Returned To
Treasury**

To determine if a residual warrant was issued by Treasury, contact the Specialized Action Center at 1-800-444-5364. If issued, request the warrant number and verify if it has been returned.

If a residual warrant was not issued, inform the provider and end procedure.

If a residual warrant was issued and the provider did not receive the benefit, advise the provider to contact Treasury at 1-800-950-6227.

LEGAL BASE**FIP**

Social Welfare Act, PA 280 of 1939, as amended
Uniformed Unclaimed Property Act, PA 29 of 1995, as amended
Mich Admin Code, R 400.3104

SDA

Annual Appropriations Act
Mich Admin Code, R 400.3151-400.3180

CDC

Child Care and Development Block Grant of 1990
45 CFR Parts 98 and 99
Social Security Act, P.A. 280 of 1939, as amended
Mich Admin Code, R 400.5001 - 400.5020

SSP

20 CFR 416
Social Security Act, §1616 [42 USC 1382e]